



April 20, 2006

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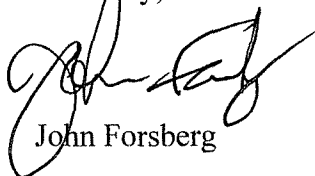
Beth O'Donnell, Executive Director
Commonwealth of Kentucky
Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

Re: Case No. 99-225 Citipower, LLC Quarterly Financial Statements

Dear Ms. O'Donnell;

Please find the enclosed Citipower, LLC Quarterly Financial Statements (comparative balance sheet and income statement) for the first quarter in 2005.

Sincerely,



John Forsberg

Citipower, L. L. C.
Profit & Loss
January through March 2006

	Jan - Mar 06
Ordinary Income/Expense	
Income	
400 · Operating Revenues	
480 · Sales of Gas	
480.1 · Residential Sales	89,913.95
481.1 · Commercial Sales	39,369.98
481.2 · Industrial Sales	59,934.69
482.1 · Public Sales	477,328.39
Total 480 · Sales of Gas	666,547.01
Total 400 · Operating Revenues	666,547.01
414 · Other Operating Income	
488.1 · Misc Service Revenues	100.00
488.2 · Late Charges Collected	2,210.84
488.3 · Hook up fees collected	200.00
489.2 · Other Gas Rev. -Transportation	2,828.38
414 · Other Operating Income - Other	812.70
Total 414 · Other Operating Income	6,151.92
Total Income	672,698.93
Gross Profit	672,698.93
Expense	
401 · Operation Expense	
80X · Gas Supply Expense	
801 · Natural Gas Field Purchases	490,703.49
Total 80X · Gas Supply Expense	490,703.49
85X · Transmission Expenses	
853 · Trans. Compressor Labor & Exp.	100.00
855 · Trans. Compressor Fuel & Power	
855.3 · Compressor Electricity	121.86
Total 855 · Trans. Compressor Fuel & Power	121.86
860 · Trans. Compressor Rent	12,883.90
864 · Trans. Compressor Maintenance	1,030.36
Total 85X · Transmission Expenses	14,136.12
87X · Distribution Expenses	
874 · Maintenance of Mains	88.45
875 · Measuring & Reg. Station Exp.	
875.5 · Electricity - Prison Meter	23.31
Total 875 · Measuring & Reg. Station Exp.	23.31
878 · Meter & House Regulator Expense	
878.1 · Meter & Reg. Labor & Exp.	360.49
878.8 · Materials & Supplies	206.23
Total 878 · Meter & House Regulator Expense	566.72
881 · Rents - Distribution Expenses	
881.4 · Rent - Shop & Storage	1,738.96
Total 881 · Rents - Distribution Expenses	1,738.96

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Accrual Basis

Citipower, L. L. C.
Profit & Loss
January through March 2006

	Jan - Mar 06
894 · Maintenance of Equipment	
894.1 · Equipment Repairs	16.91
894.2 · Ditchwitch Maintenance	216.62
Total 894 · Maintenance of Equipment	233.53
Total 87X · Distribution Expenses	2,650.97
92X · Admin. and General Expenses	
920 · Admin & General Salaries (920)	
920.2 · Mgt. Consulting Expense	8,253.00
920.4 · Management fees	37,723.85
Total 920 · Admin & General Salaries (920)	45,976.85
921 · Office Supplies/Expense	
921.10 · Postage/FedEx (G&A)	930.74
921.11 · Meals/Entertainment	345.00
921.29 · Uniforms	622.57
921.3 · Dues and Subscriptions	750.00
921.4 · Office Cleaning	350.00
921.5 · Telephone	2,283.24
921.7 · Utilities (G&A)	1,410.64
921.8 · Office Supplies & Expenses	401.38
Total 921 · Office Supplies/Expense	7,093.57
923 · Outside Services	
923.2 · Accounting Fees	3,001.43
923.3 · Contract Labor - Office	480.28
923.6 · Legal & Professional Fees	32,008.58
Total 923 · Outside Services	35,490.29
924 · Property Insurance	2,962.58
925 · Injuries & Damages	
925.5 · Employee Drug Testing Service	115.00
Total 925 · Injuries & Damages	115.00
926 · Employee Pension/Benefit (926)	
926.1 · Insurance - Life	388.70
926.4 · Insurance - Medical	2,321.13
926.7 · Insurance - Workmans' Comp	784.23
926.9 · Flower Fund	59.31
Total 926 · Employee Pension/Benefit (926)	3,553.37
930.1 · General Advertising Expenses	453.11
930.2 · Misc. General Expenses	
930.2.5 · Misc General Exp	5.67
930.2 · Misc. General Expenses - Other	124.62
Total 930.2 · Misc. General Expenses	130.29
932 · Maintenance of General Plant	
932.6 · Termite Control - Office	100.68
Total 932 · Maintenance of General Plant	100.68
Total 92X · Admin. and General Expenses	95,875.74
Total 401 · Operation Expense	603,366.32

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Accrual Basis

Citipower, L. L. C.
Profit & Loss
January through March 2006

	Jan - Mar 06
408.1 · Taxes Other Than Income Taxes	
408.1.8 · Other Taxes & Fees	200.00
Total 408.1 · Taxes Other Than Income Taxes	200.00
600 · Clearing Accounts	
656 · Employee Clearing Accounts	
656.1 · Payroll Expenses	31,827.17
Total 656 · Employee Clearing Accounts	31,827.17
667 · Transportation Expenses	
667.1 · Vehicle Expenses	2,093.22
667.4 · Vehicle Repair & Maint.	429.12
667.5 · Vehicle Insurance/Title/Fees	1,196.89
Total 667 · Transportation Expenses	3,719.23
Total 600 · Clearing Accounts	35,546.40
Total Expense	639,112.72
Net Ordinary Income	33,586.21
Other Income/Expense	
Other Expense	
929 · Penalties	2,700.00
431 · Other Interest Expense	
431.2 · Interest expense - customer dep	31.81
Total 431 · Other Interest Expense	31.81
Total Other Expense	2,731.81
Net Other Income	(2,731.81)
Net Income	30,854.40

Citipower, L. L. C.
Balance Sheet
As of March 31, 2006

	Mar 31, 06	Dec 31, 05
ASSETS		
Current Assets		
Checking/Savings		
131 · Cash		
131.1 · McCreary - Operating A/C	310,216.64	24,564.26
131.2 · McCreary - Business A/C	815.25	4,923.55
131.5 · Centura A/C 0411790887	25,367.86	80,846.19
131.9 · Petty Cash	500.00	500.00
Total 131 · Cash	336,899.75	110,834.00
Total Checking/Savings	336,899.75	110,834.00
Accounts Receivable		
142 · Customer Accounts Receivable		
142.1 · A/R - Residential/Commercial	195,699.36	298,002.54
142.2 · A/R - Payment Plan	435.05	435.05
Total 142 · Customer Accounts Receivable	196,134.41	298,437.59
144 · Allow for Uncollectible Accts.	(6,000.00)	(6,000.00)
Total Accounts Receivable	190,134.41	292,437.59
Other Current Assets		
134 · Other Special Deposits		
134.5 · Utility Deposits	2,036.79	2,036.79
Total 134 · Other Special Deposits	2,036.79	2,036.79
143 · Other Accounts Receivable		
143.5 · Transportation Fees Receivable	35,669.34	32,840.96
Total 143 · Other Accounts Receivable	35,669.34	32,840.96
146 · A/R from Associated Companies		
146.3 · A/R - Forexco, Inc.	(20,000.00)	(20,000.00)
Total 146 · A/R from Associated Companies	(20,000.00)	(20,000.00)
147.1 · PREPAID INSURANCE	36,329.43	36,329.43
Total Other Current Assets	54,035.56	51,207.18
Total Current Assets	581,069.72	454,478.77
Fixed Assets		
101 · Gas Plant in Service (365-399)		
369 · Prison Pipeline	1,465.83	1,465.83
376.1 · Pipeline - 1" & 2"	386,662.95	386,662.95
376.3 · Pipeline - 3"	456,479.96	456,479.96
376.4 · Pipeline - 4"	1,008,793.48	1,008,793.48
376.6 · Pipeline - 6"	492,615.37	492,615.37
377 · Compressor Station & Equipment	7,160.77	7,160.77
378.1 · Reg/Odorant Station	12,474.06	12,474.06
382 · Equipment - Meters/Setup	768,196.97	768,196.97
390 · Office Building	125,000.00	125,000.00
391.1 · Office Furniture & Equipment	11,011.80	11,011.80
391.2 · Office Software	16,801.32	16,801.32
392 · Automobiles/Vehicles	75,218.62	75,218.62
396 · Equipment - DW/Other	78,091.32	77,985.33
Total 101 · Gas Plant in Service (365-399)	3,439,972.45	3,439,866.46

Citipower, L. L. C.
Balance Sheet
As of March 31, 2006

	Mar 31, 06	Dec 31, 05
108 · Accumulated Depreciation	(1,466,908.29)	(1,466,908.29)
Total Fixed Assets	1,973,064.16	1,972,958.17
TOTAL ASSETS	2,554,133.88	2,427,436.94
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
232 · Accounts Payable	420,509.15	338,821.51
Total Accounts Payable	420,509.15	338,821.51
Other Current Liabilities		
Accrued Payroll	3,260.08	3,260.08
Garnishment	(285.48)	0.00
231 · Notes Payable		
231.9 · CitiEnergy, LLC	253,053.94	243,053.94
Total 231 · Notes Payable	253,053.94	243,053.94
235 · Customer Deposits	7,188.82	7,038.82
236 · Taxes Accrued		
236.2 · Sales Tax Payable	1,374.06	2,959.09
236.3 · Severance Tax Payable	2,583.73	(6,487.08)
236.4 · School Tax Payable	3,915.92	7,111.32
Total 236 · Taxes Accrued	7,873.71	3,583.33
237 · Interest Accrued	3,826.58	3,826.58
242 · Misc. / Other Liabilities		
242.2 · Liability - Citizens Gas Check	5,541.70	5,541.70
242 · Misc. / Other Liabilities - Other	227.50	227.50
Total 242 · Misc. / Other Liabilities	5,769.20	5,769.20
Total Other Current Liabilities	280,686.85	266,531.95
Total Current Liabilities	701,196.00	605,353.46
Total Liabilities	701,196.00	605,353.46
Equity		
216 · Retained Earnings	(3,715,759.47)	(3,580,895.71)
218 · Member's Capital Contributions		
218.0 · Opening Bal Equity	5,537,842.95	5,537,842.95
Total 218 · Member's Capital Contributions	5,537,842.95	5,537,842.95
Net Income	30,854.40	(134,863.76)
Total Equity	1,852,937.88	1,822,083.48
TOTAL LIABILITIES & EQUITY	2,554,133.88	2,427,436.94